

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 SAJ-01 CIAE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 MC-02 IGA-01 ACDA-05 EB-07 COME-00 TRSE-00

ERDA-05 OMB-01 IO-10 /105 W
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R 301623Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0435

INFO SECDEF WASHDC

AMEMBASSY MOSCOW

AMEMBASSY CAIRO

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY NICOSIA

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 03 BONN 08675

E.O. 11652: GDS

TAGS: MASS, MPOL, GW

SUBJECT: FRG MILITARY ASSISTANCE POLICY

BEGIN SUMMARY: THE FRG'S MILITARY ASSISTANCE POLICY HAS

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BEEN HIGHLIGHTED RECENTLY BY THE DECISION TO RESUME AID

TO GREECE AND TURKEY. THE FRG SET DOWN POLICY GUIDE-
LINES IN 1971, AND SINCE THEN HAS PURSUED A CONSERVATIVE
GRANT AND SALES MILITARY ASSISTANCE POLICY. THE EXPORT
OF MILITARY WEAPONS IS OF LITTLE IMPORTANCE TO GERMAN
ARMS PRODUCING INDUSTRIES--WITH THE EXCEPTION OF THE
AIRCRAFT AND SHIP-BUILDING INDUSTRIES--AND SALES ACCOUNT
FOR ONLY A FEW SMALL PERCENTAGE OF TOTAL INDUSTRIAL
SALES. THE PAINSTAKING APPROACH ADOPTED BY THE GERMANS
IN DECIDING WHETHER AND HOW TO RESUME BALANCED AID TO
GREECE AND TURKEY ILLUSTRATED THE DIFFICULTIES INVOLVED
IN RECONCILING THE CONFLICTING PRINCIPLES FOLLOWED BY
THE FRG OF AIDING NATO COUNTRIES BUT NOT SENDING
ARMAMENTS TO AREAS OF TENSION. THE FRG IS LIKELY TO
CONTINUE TO PURSUE A LOW-KEY MILITARY ASSISTANCE
POLICY, ALTHOUGH FUTURE POLITICAL, ECONOMIC AND
SECURITY INTERESTS AND PRESSURES MAY CAUSE SOME
SERIOUS POLICY HEADACHES IN BONN. END SUMMARY

1. THE FRG'S RECENT DECISION TO RESUME MILITARY
ASSISTANCE TO GREECE AND TURKEY HAS HIGHLIGHTED GERMAN
POLICY IN THIS AREA. IN 1971 THE FRG LAID DOWN THREE
POLITICAL PRINCIPLES CONCERNING THE EXPORT OF MILITARY
ARMS AND EQUIPMENT IN ORDER TO PROVIDE BINDING GUIDE-
LINES TO THE AUTHORITIES CHARGED WITH EFFECTING THE
LEGALLY REQUIRED ARMS EXPORT CONTROLS. THE LEGAL
REQUIREMENTS ARE SET FORTH IN THE MILITARY ARMS CONTROL
ACT AND THE FOREIGN ECONOMIC RELATIONS ACT. THE
PRINCIPLES UNDERLYING THESE GUIDELINES MAY BE
SUMMARIZED AS FOLLOWS:

A. MILITARY ARMS AND EQUIPMENT MAY, AS A GENERAL
RULE, BE EXPORTED TO NATO COUNTRIES WITHOUT RESTRICTIONS.

B. MILITARY ARMS MAY BE EXPORTED TO NON-NATO
COUNTRIES ONLY WITH THE SPECIAL APPROVAL OF THE
GOVERNMENT, AND OTHER MILITARY EQUIPMENT MAY BE
EXPORTED TO SUCH COUNTRIES ONLY WITH COCOM APPROVAL.

C. MILITARY ARMS MUST NOT BE EXPORTED IN AREAS OF
TENSION. ALSO, THE EXPORT OF OTHER MILITARY EQUIPMENT
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MUST BE DISAPPROVED IF A DISTURBANCE OF THE
PEACEFUL CO-EXISTENCE OF SUCH COUNTRIES OR A
CONSIDERABLE DISTURBANCE OF THE FOREIGN RELATIONS OF
THE FRG IS TO BE FEARED.

2. THE FRG EXPORTS MILITARY ARMS AND OTHER ARMAMENTS
COMMODITIES IN THREE WAYS, ASSIGNING RESPONSIBILITY TO
THE APPROPRIATE MINISTER AS FOLLOWS:

A. GOVERNMENT SALES WHICH TAKE PLACE FROM
GOVERNMENT-TO-GOVERNMENT WITHOUT THE INTERVENTION OF
PRIVATE FIRMS. THIS INVOLVES MOSTLY BUNDESWEHR
SURPLUS MATERIAL FOR WHICH THE MINISTER OF DEFENSE IS
RESPONSIBLE.

B. COMMERCIAL SALES INVOLVING NEW AND USED ARMAMENTS
MATERIAL FOR WHICH THE ECONOMIC MINISTER IS RESPONSIBLE.

C. NATO DEFENSE AID WHICH, AS A GENERAL RULE,
INVOLVES EQUAL AMOUNTS OF SURPLUS AND NEW MATERIAL AND
FOR WHICH THE FOREIGN MINISTER IS RESPONSIBLE. AN
EXCEPTION TO THIS RULE HAS BEEN FRG AID TO TURKEY WHICH
HAS BEEN RUNNING IN A PROPORTION OF 4 TO 1 NEW VS.

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ERDA-05 OMB-01 IO-10 /105 W
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R 301623Z MAY 75

FM AMEMBASSY BONN
TO SECSTATE WASHDC 0436
INFO SECDEF WASHDC
AMEMBASSY MOSCOW
AMEMBASSY CAIRO
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
AMEMBASSY NICOSIA
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AMEMBASSY OTTAWA
AMEMBASSY PARIS
USMISSION NATO BRUSSELS
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C O N F I D E N T I A L SECTION 02 OF 03 BONN 08675

SURPLUS MATERIAL.

3. IN TERMS OF THE OVERALL GERMAN ECONOMY, THE PRODUCTION
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AND EXPORT OF MILITARY ARMS AND ARMAMENTS PLAYS AN
INSIGNIFICANT ROLE. SINCE 1964, THE PRODUCTION OF
ARMAMENT COMMODITIES IN THE FEDERAL REPUBLIC AVERAGED
DM 2.6 BILLION ANNUALLY, ACCOUNTING FOR AN AVERAGE OF
ONLY 0.47 PERCENT OF TOTAL INDUSTRIAL SALES. FROM 1968
TO 1973 THE COMMERCIAL ARMS EXPORTS OF THE FRG
ACCOUNTED ON THE AVERAGE FOR ONLY 0.29 PERCENT OF TOTAL
EXPORTS. THE EXPORT OF MILITARY WEAPONS IS OF LITTLE
IMPORTANCE TO THE ARMS PRODUCING INDUSTRY, WITH THE
EXCEPTION OF THE AIRCRAFT AND SHIP-BUILDING INDUSTRIES.

4. THE FRG HAS HAD LONG-STANDING MILITARY ASSISTANCE
RELATIONSHIPS WITH BOTH GREECE AND TURKEY. SINCE 1964
THE FRG HAS CONCLUDED SEVEN AGREEMENTS WITH TURKEY
TOTALING DM 500 MILLION (FOUR AGREEMENTS OVER DM 50
MILLION EACH AND THREE OVER 100 MILLION EACH). AS A
RESULT OF THE 1974 CYPRUS CRISIS, THE IMPLEMENTATION
OF THE SEVENTH TRANCHE AGREEMENT WAS DISCONTINUED AND
THE SIGNING OF ANOTHER AGREEMENT WAS POSTPONED. THE
LATEST OR EIGHTH TRANCHE AGREEMENT WAS FINALLY SIGNED
BY THE TURKISH AMBASSADOR IN BONN IN APRIL 1975.

5. THE GERMANS DISCONTINUED MILITARY AID TO GREECE IN
1968 BECAUSE OF POLITICAL DEVELOPMENTS IN THAT COUNTRY.
PRIOR TO THAT TIME, FROM 1964 TO 1968, THE FRG CONCLUDED
THREE AID AGREEMENTS WITH GREECE INCLUDING A TOTAL OF
OVER DM 100 MILLION. IN ADDITION, THE FRG ALSO SHIPPED
MATERIAL AND SPARE PARTS IN THE AMOUNT OF DM 45 MILLION.
THE GREEKS ARE EXPECTED TO BEGIN ACCEPTING
DELIVERY OF SOME DM 100 MILLION WORTH OF SURPLUS
EQUIPMENT THIS MONTH, AND IT IS REPORTED THE FRG PLANS

TO INCLUDE SOME DM 20 MILLION IN THE NEXT FISCAL YEAR
BUDGET FOR USE BY THE GREEKS IN PURCHASING NEW EQUIP-
MENT.

6. IN RESUMING AID TO BOTH GREECE AND TURKEY, THE FRG
BASED ITS DECISION UPON ARTICLE III OF THE NORTH
ATLANTIC TREATY WHICH OBLIGATES THE ALLIES TO STRENGTHEN
THEIR DEFENSIVE CAPABILITIES BY MUTUAL AID. IN
JUSTIFYING THEIR POLICY OF BALANCED AID TO BOTH
COUNTRIES, THE GERMANS POINTED OUT THAT DISCRIMINATION
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AGAINST INDIVIDUAL ALLIES MIGHT ENDANGER THE POLITICAL
COHESION OF THE ALLIANCE. IN THE CASE OF GREECE AND
TURKEY, THERE WAS THE ADDITIONAL FACTOR THAT THESE
COUNTRIES HOLD KEY STRATEGIC POSITIONS WITHIN THE
ALLIANCE, AND THAT THE DEFENSE CAPABILITIES OF THE WEST
DEPEND TO A LARGE EXTENT UPON THE QUALITY OF THE
POLITICAL AND ECONOMIC RELATIONS AMONG THE PARTNERS.
THE GERMANS POINTED OUT THAT DEPENDENCE UPON ONE SOURCE
ONLY FOR DEFENSE NEEDS, I.E., THE U.S., WOULD BE A
RISK FOR THE ALLIANCE. POLITICALLY, NATO STRENGTH
DEPENDS UPON A MULTITUDE OF WELL-BALANCED MUTUAL
DEPENDENCIES. THE FRG ACCEPTED AND JUSTIFIED ITS ROLE
IN THE FIELD OF NATO DEFENSE AID FOR THE REASONS LISTED
ABOVE.

7. BECAUSE OF THE QUALITY OF THEIR MILITARY HARDWARE
AND THE FACT THAT THE GERMANS WORK WITH OTHER EUROPEAN
ALLIES ON JOINT ARMAMENTS PROJECTS, THE FRG MAY IN THE
FUTURE BE FACED WITH THE PROBLEM OF SATISFYING FOREIGN

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R 301623Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0437

INFO SECDEF WASHDC

AMEMBASSY MOSCOW

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C O N F I D E N T I A L SECTION 03 OF 03 BONN 08675

DEMAND FOR THEIR INDIVIDUAL PRODUCTS AS WELL AS THEIR
PARTNERS' DESIRES TO EXPORT JOINTLY-PRODUCED EQUIPMENT
TO THIRD COUNTRIES. THIS COULD WELL BECOME A TEST OF
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THE FRG PRINCIPLE AGAINST EXPORTING ARMS TO AREAS OF
TENSION, ALTHOUGH THIS ISSUE WAS RESOLVED IN FAVOR OF
EXPORTING EQUIPMENT TO THE NATO ALLIES. A GERMAN TV
SHOW LAST FEBRUARY ILLUSTRATED THE PROBLEM BY INDICATING
THAT THE FRENCH SEEM TO BE QUITE INTERESTED IN EXPORTING
THE JOINTLY-PRODUCED ALPHA JET TO THE EGYPTIANS. IT
WAS STATED IN THE PROGRAM THAT THE FRENCH PLAN TO SELL
TEN ALPHA JETS TO THE EGYPTIANS, SUPPOSEDLY FOR USE AS
TRAINERS. THE NARRATOR POINTED OUT, HOWEVER, THAT
THE AIRCRAFT COULD EASILY BE EQUIPPED WITH BOMBS AND
USED IN ACTUAL COMBAT IN THE MIDDLE EAST. OTHER JOINT

PROJECTS WHICH COULD INVOLVE FOREIGN POLICY DIFFICULTIES FOR THE FRG-SHOULD THE QUESTION OF THE EXPORT OF THE MATERIAL ARISE--INCLUDE THE ANTI-TANK MISSILES HOT AND MILAN. LIBYA HAS ALSO EXPRESSED AN INTEREST IN ACQUIRING THE FINE GERMAN LEOPARD TANK, ALTHOUGH THE GERMANS RECENTLY RECONFIRMED THEIR DECISION AGAINST SELLING SUCH ARMS TO THE LIBYANS.

8. BEGIN COMMENT: THE GERMANS MAY HAVE SOME DIFFICULT TIMES AHEAD IN BALANCING THEIR VARIOUS POLITICAL, ECONOMIC AND SECURITY INTERESTS IN IMPLEMENTING A MILITARY ASSISTANCE POLICY. FROM THE POLITICAL STANDPOINT, THE GERMANS WILL WANT TO BE AS RESPONSIVE AS POSSIBLE TO COUNTRIES SEEKING GERMAN ARMS, PARTICULARLY NATO ALLIES. HOWEVER, THE GERMANS ARE STILL CONSCIOUS OF THE BURDEN OF HISTORY AND WILL WANT TO KEEP ARMS SALES AND ASSISTANCE AT A RELATIVELY LOW LEVEL. FROM THE STANDPOINT OF ECONOMICS, THERE IS SOMETHING TO BE SAID FOR STEPPING UP ARMS EXPORTS AS A MEANS OF COMBATTING UNEMPLOYMENT, WITH CONSERVATIVE ELEMENTS FAVORING SUCH A COURSE. FUTURE POLICY CONFLICTS ARE BOUND TO ARISE, AND THE FRG MAY FIND ALLEVIATING SUCH POLICY HEADACHES NO EASY MATTER. END COMMENT
HILLENBRAND

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TAGS: MASS, MPOL, GE, TU, GR
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